

ASSEMBLY BILL

No. 2689

**Introduced by Assembly Member Houston
(Coauthor: Assembly Member Dutra)**

February 20, 2004

An act to add Section 6157.8 to the Business and Professions Code, relating to attorneys.

LEGISLATIVE COUNSEL'S DIGEST

AB 2689, as introduced, Houston. Attorneys advertising: residential construction defects.

Existing law, the State Bar Act, provides for the regulation of attorneys, including the means by which they solicit employment of their legal services. Existing law authorizes the State Bar of California to discipline an attorney for a violation of these provisions.

This bill would require an advertisement by a lawyer or law firm that urges a person or entity to take an action that may lead to the filing of a claim for residential construction deficiencies to disclose specified information.

Vote: majority. Appropriation: no. Fiscal committee: no. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 6157.8 is added to the Business and
- 2 Professions Code, to read:
- 3 6157.8. An advertisement that urges a person or entity to take
- 4 an action that may lead to the filing of a claim for residential

1 construction deficiencies shall disclose all of the following
2 information:

3 (a) What alternatives are available to the person or entity to
4 remedy the deficiencies without litigation.

5 (b) Who will pay for expert fees and testing costs, and a
6 reasonable estimate or range of those fees and costs.

7 (c) Whether a nonmonetary remedy will require payment of a
8 fee to the member disseminating the advertisement.

9 (d) How much the member disseminating the advertisement
10 will be paid, or how that member's fee will be calculated.

11 (e) After the member, experts, and testing costs have been paid,
12 whether there will be a possibility that insufficient money remains
13 to repair the home.

14 (f) Whether the person or entity filing the claim may be liable
15 for any costs or fees if that person or entity loses the case.

16 (g) Whether the value of the home will be affected by the filing
17 of litigation, and how that might affect the person or entity's ability
18 to sell or refinance the property during the pendency of the
19 litigation.

20 (h) Whether, upon sale of the property, the owner will be
21 required to disclose the following:

22 (1) The litigation.

23 (2) Whether enough money was collected to fully fund the
24 repair of the alleged defects.

25 (3) Whether the defects were actually repaired.

